

## WASHINGTON CITY.

WEDNESDAY MORNING, SEPT. 30, 1867.

RECEIVED BY THE EDITOR, OF THE WASHINGTON UNION, FROM THE EDITOR OF THE PHILADELPHIA RECORD, SEPTEMBER 29, 1867.

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## BANKS AND BANKING.

It seems to be a fit time to consider our system of banks and mode of banking. Incorporated banks exist in each of our thirty-one States, and in most of the Territories, without any common system of organization or concerted mode of operation, and without any controlling agency by our national government. Each legislature confers such powers and imposes such restrictions and provides such penalties for infringement as it chooses. Although individuals are in some instances restrained from issuing currency, there are few limits, if any, upon their power to transact banking business. It cannot be denied that incorporated wealth in the form of banks has many conveniences not enjoyed by private individuals, while they are subject to some hazards. Nor can it be disputed that many banks have been wisely and prudently managed, conferring many conveniences and advantages, and that their managers have displayed prudence and patriotism on important occasions. But this neither proves the system wise nor sound, nor the mode of management prudent or safe to themselves or the public. Experience has incontestably proved that at times when bank facilities are most needed by their customers and the public, they are the least able to grant them, and, when least needed, their ability is greatest. When money panics and financial crises are upon us, the banks have full occupation in taking care of themselves, and instead of supplying their customers with the facilities to which they have been accustomed, the latter are called upon for contributions to sustain the banks themselves, and if they do not, make them both fail. A system producing such results is neither wise nor safe, and ought not to be continued. Legislators have contrived and enacted many statute provisions to guard against these evils, but all have proved ineffectual to avoid them. Some States have required the capital to be paid in before commencing business and issuing bills. This has often been done by borrowing the amount, so that there was no real capital. Others have required mortgages to be filed with some public officer as security for bills obtained of him, to be issued by the bank. These mortgages seldom produce half their face, and bill-holders lose largely. Others require a like deposit of State stocks. These are often borrowed, and constitute a debt against the bank, and bill-holders frequently suffer. However contrived, these securities do not secure and protect the depositors and other creditors, nor the stockholders, and the former often suffer and the latter lose their whole subscription to the stock. No legislation has yet provided securities against these evils. They lie too low to be reached by any of the present legislative remedies. While individuals are daily called upon and required to pay their debts, whether due to individuals, banks, or the government, and their property is seized and sold without reference to sacrifice or consequences, if they do not pay promptly, we have seen heretofore nearly every bank, and now many of them boldly refuse to pay their debts, and shoulder all the losses and consequences upon their comparatively helpless creditors and the people, thousands of whom may be sacrificed in their weakness to save one bank on account of its combined strength. We have seen laws passed to protect banks against their creditors who might resort to suits to assert their rights. The legislature of New York in 1837 passed one denying those who sued banks for small sums the costs payable by individuals, while they were required to sue all corporations in a court of record, where they would necessarily accrue to a very considerable amount. Fortunately, this subservience to banks led to provisions in her constitution to prevent future like legislation. These constitutional regulations are the principal cause why most, if not all, of the New York banks now sustain themselves, and pay their debts like individuals, and thus protect measurably the public from loss.

The constitution provides: "Debts due from corporations shall be secured by such individual liability of the corporations, and other means may be prescribed by law."

"The legislature shall have no power to pass any law sanctioning in any manner, directly or indirectly, the suspension of specie payments by any person, association, or corporation issuing bank notes of any description."

"In case of insolvency of any bank or banking association, the bill-holders shall be entitled to preference in payment over all other creditors of such bank or association."

These are salutary provisions, and are now producing good effects. They secure the bill-holder, if he can wait for his pay until he can obtain it in the manner provided by law, but not the depositor. Nor do they protect the public against panics and insolvency, nor their consequences. A bank may raise a hundred thousand dollars, and procure that amount in bonds and mortgages or stocks, on which it can obtain the same quantity of bills, to be issued and payable by itself. This, with the liability of the stockholders, may secure the bill-holder. But this does not protect other creditors, nor secure against failures, nor reversions. The bank takes its bills and exchanges them for endorsed notes of its customers. It is clear that it has no money to redeem with. If confidence is shaken, it cannot pay faster than it can collect the notes it has taken for its bills. If it collects them and pays up its circulation, it will force its customers to sacrifice themselves to save itself. The public will be drained of money, property fall, and the rich made richer and the poor poorer. If the bank stops payment, instead of making sacrifices to meet its debts, as is required of individuals, the same consequences fall upon the public. Surely there is no valid reason why banks and bankers should not, like citizens, pay their debts when due, even at the loss of profits or impairing of their capital. Masses of associated wealth, upon principles of equity and justice, have no claims to indulgence which are not common to the most humble individual. Discounting upon deposits (the money of third persons left with banks merely for safe-keeping) is liable to all the hazards and inconveniences of issuing bills without money on hand to redeem. If interest is paid on deposits the danger is still greater. It may be, and usually is, profitable to the bank; but if so, they ought manfully to meet the consequences as they require their customers to do. They should not enjoy the profits themselves and throw the losses upon their customers and the public.

But the real evil lies deeper. It is found in a false system. Banking as now mostly conducted is simply lending the credit (bills) of banks and taking in return doubly-secured credit of customers, the former paying no interest, while it is required of the latter. It is an exchange of credits where one side only pays interest. The bank does not loan money or capital, but simply its own credit. In such times banks discount and issue their bills freely. When they change, they cease to do so, collect in from their customers, prices fall, and the public suffer, and debtors are ruined. When the money market is easy, they push bills out to make profits upon circulating their credit; but when it is stringent, to save themselves they draw in, make it more stringent, and thus ruin those who have been tempted into speculations and enterprises based upon the expected continuance of bank credits. The banks usually see the approaching storm, and prepare for it, while it injures the public and overwhelms debtors. The fatal evil consists in allowing banks to issue paper currency. Banks of issue are, in the main, got up, not by capitalists who have money to lend, but as machines to accommodate those starting them in their wish to borrow much of what such bank can lend. While banks manufacture and issue most of our currency, the consequences we have described will continually occur, and no wisdom and prudence in their management can avoid them. We have thus far referred to banks honestly and fairly conducted. When this is not the case, the consequences are more fatal. With all the wisdom of our law-makers, they have not been able to avoid swarms of fraudulent and spurious banks through which the people have been grossly plundered, and especially the poor and ignorant. There seems to be but one remedy which can be applied, and that is to allow no banks but banks of real money. Such banks may prove really useful. They would be interested in keeping the supply of money always the same in the hands of the community, and failures could hardly occur. They would not stimulate overtrading or speculations. There would be no bill-holders to become alarmed or sustain loss. In discounting fair and real business paper, thus enabling business men to anticipate their dues, and in buying and selling exchange, and in other legitimate business, such banks could make reasonable profits, as has been shown in New York and some other places where there are banks that scarcely ever issue bills, although they have the power to do so. Panics and ruinous fluctuations in the money market would be measurably unknown. All would be safe and well for the banks and people. But while the present system continues the evils and ruinous consequences we have pointed out will continue to occur, as they have often done heretofore.

**THE OCTOBER ELECTIONS.**

Elections for State officers only take place on the second Tuesday in October in Pennsylvania, Ohio, and Iowa. In the first-named State the democrats are certain to elect their ticket by an overwhelming majority. In Ohio and Iowa our friends are quite confident of their ability to redeem those great States from the thralldom of black-republicanism. In Pennsylvania a member of Congress is to be elected in the Luzerne district to fill the vacancy occasioned by the death of Colonel Montgomery. Hon. Paul Leidy, the democratic candidate, will undoubtedly be elected.

Elections will also be held next month in Georgia and Mississippi for State officers and members of Congress. Mississippi will send an entire democratic delegation to the next Congress, and there is a strong probability that the delegation from Georgia in the next House will present the same unbroken front.

An election will be held next month in Minnesota for State officers, three members of Congress, and one delegate to Congress. The election in Kansas for territorial officers takes place on Monday next.

The congressional elections close in November with Maryland and Louisiana.

**EXTRA SESSION OF THE PENNSYLVANIA LEGISLATURE.**

Governor Pollock, of Pennsylvania, has called an extra session of the legislature of that State, to meet at Harrisburg on the 6th proximo. As the election for members of the next legislature of Pennsylvania takes place on the 13th, the extra session can only last for one week.

This action on the part of the governor does not meet with the favor of the democratic press of the State, so far as we have observed. The Philadelphia Argus says:

"It is stated that our black-republican governor has called an extra meeting of the State legislature, to legalize the present suspension of specie payment by the banks. We propose that the legislature should go a step further, if they are prepared to go as far as the governor recommends. If the violation of the law of the State by our banking institutions is to be legalized, if they are to be relieved of the penalty they have incurred, we see no reason why there should not be a general pardon delivery, a universal amnesty and millennium for individuals as well as corporations. Why not? Is not this a government of equal laws and equal rights? There certainly, then, can be no possible distinction made between different classes of law-breakers. If one class are compelled to suffer the legitimate consequences of their misdeeds, every class should. There should be no privileged classes in the way of legal pardon."

"If a merchant has a note due at a bank, he is compelled to meet it at all hazards and at every sacrifice, or his credit is ruined; we see no reason why a corporation of debtors should be treated with any more legislative leniency than the banks treat those who are indebted to them. Let the legislature extend its fostering aid to the merchants who have suspended, as well as the institutions that have forfeited their charters."

"We are willing that any reasonable aid should be extended to such banks as have been doing a legitimate business. We ask no indemnity for the past, but we do demand some guarantee for the future. We ask that there should be no doubt as to the security for bill-holders against all possible loss in case of future suspensions or failures, and that all bills of a less denomination than twenty dollars should be prohibited from circulation."

**OUR MINISTER AT THE FRENCH COURT.**

The reader will perceive that a correspondent, in writing to us from Paris, has thought proper to allude to the columns of certain respectable journals in this country—where, however, it is fair to presume that it has passed rather as a vague joke than as a serious statement, designed to reflect injuriously on our worthy and highly-esteemed minister at the Court of St. Cloud. Not having ourselves given any currency to this piece of reprehensible gossip, we should not perhaps have thought it necessary to publish a refutation of it, which to all who know Mr. Mason must seem entirely superfluous, were it not that the occasion affords us the opportunity of adding our own testimony, from sources independent of our correspondent's observation, to the truth of all that he alleges in respect to the high esteem in which Mr. Mason is held, officially and personally, in Paris.—*Intelligencer.*

We have also seen a statement, from an authoritative source, in which the malignant falsity of the story above referred to is fully exposed.

quire their customers to do. They should not enjoy the profits themselves and throw the losses upon their customers and the public.

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**ILLUMINATION OF A LIGHT-HOUSE IN THE PORT OF MEXICO.**—In place of the present fixed light upon the tower of St. Lazaro (lat. 38° 11' 30" N., and long. 139° 14' 40" E., from the meridian of Paris) will be substituted one in a Fresnel, which will show a fixed white light varied by a red flash every two minutes.

The above will be lighted from and after the 15th of July of this present year, 1857.

The tower for 38.735 metres high has a square base, the rest for the entire height is octagonal.

The light will be elevated 40.77 metres above the level of the sea, and may be seen twelve miles, (of sixty to the degree.)

**INTERIOR DEPARTMENT.**

**Important Circular.**—The subjoined circular has been issued by the Commissioner of Patents:

**UNITED STATES PATENT OFFICE,**  
Washington, Sept. 20, 1857.

Sir: In making the annual reports of this office, it is desirable that there should be given, in a condensed form, the amount and cost of cotton consumed in the United States during the fiscal year ending June 30, 1857, and the quantities and valuations of the different classes of goods into which it is manufactured.

With the view of promoting this great branch of the national industry, I have taken the liberty to forward you for filling out, as far as practicable, the accompanying blanks, which, if convenient, you will oblige me by doing as early as the 1st of January next, and return the same to this office by mail.

I trust that, in common with others equally interested as yourself in this extensive branch of American manufactures, you can fully appreciate the importance of obtaining accurate statistics therein, and will take pride in having the results of your establishment embodied with those of others in our next Agricultural Report.

As copies of this circular will be sent to members of Congress, postmasters, and others, to be placed in the hands of the cotton manufacturers of their respective districts, it is not improbable that may be received, in some cases, duplicates of the same; but it will not be necessary for you to fill out more than one set of blanks to be returned to this office.

Very respectfully,  
J. HOLT,  
Commissioner of Patents.

The circular is accompanied by a number of admirably-prepared blanks, which will save those who receive them much time and trouble in making up their reports.

**Rule of Pre-emption.**—The Commissioner of the General Land Office has decided that, if a claimant by pre-emption complies in all respects with the provisions of the act of 4th September, 1841, to the date of his entry, a sale will not be considered sufficient cause for cancellation unless fraud is imputed and a sufficient showing made on that ground for opening the case, in which event a sale after the entry shall be an element in the investigation.

**THE DIFFERENCE BETWEEN THE WAY IN WHICH DEMOCRATIC AND ABOLITION ADMINISTRATIONS CONDUCT PUBLIC AFFAIRS** is exhibited most admirably by a comparison of the Medill and Chase administrations in Ohio. Medill (democrat) in 1855 paid off out of the State revenue two millions of the State debt, and in 1856 Chase (black-republican) paid \$21.

**A HAPPY PEOPLE.**

By a provision (says the Nashville Union) in the Arkansas constitution the establishment of banks is prohibited in that State. The Little Rock Democrat rejoices over the fact, and says that the citizens of that State are only troubled by the "worthless rag currency from Tennessee, the Carolinas, Georgia, and Kentucky." Such a State must necessarily prosper. Arkansas currency always commands a premium.

**THE SUGAR CROP.**

A correspondent of the New Orleans Picayune, residing in St. James parish, Louisiana, writes as follows:

"In your valuable paper of the 15th instant I have read a communication relative to the cane crop in Louisiana, which is no doubt written by an experienced planter, estimating the growing crop at 250,000 hogheads, which will prove correct enough should the fall be favorable. Only be omitted to mention that, the cane being uncommonly short, there will be no tops saved for planting. Consequently, whole canes will have to be used for that purpose altogether, which will cause a great reduction in the amount of cane to be ground."

"This will be the case here in St. James, which is one of the best cultivated parishes in the State, and where canes, I fancy, are as good as in any other parish."

**LATER FROM TEXAS.**

The Galveston Civilian of the 19th furnishes the following intelligence:

"Galveston begins to present the animated appearance incident to the beginning of the fall business. There are now about twenty large vessels in the harbor, and the wharves where goods are being discharged and transhipped, as well as the streets and stores, where goods are being hauled and received, are full of life and activity."

"Cotton begins to come forward more briskly, and there is a prospect that the boats will soon have pretty full cargoes. The receipts of the week sum up to 703 bales, and the entire receipts of new nearly 1,000 bales. The market has not shown much animation, though confidence is unshaken."

"Madison, Orange county, Dr. Royal writes us, has received a new impulse to improvement in consequence of the projected railroad from Opelousas to Houston, which should pass through or near the first-named place. The low water, however, for the last year has retarded the receipt of timber at Madison, and consequently the mills have turned out less than their usual heavy supply of lumber, though building goes on as lively as ever."

The Civilian of the 18th says:

"We understand that Captain Bradbury has fully completed the work of deepening a channel for steamboats through Clopper's bar, at the head of Galveston bay, so as to insure six feet water at all times. Capt. B. will proceed immediately with the work of opening a channel over the bar at the mouth of Trinity river."

"Rev. B. W. Fiero writes to the Christian Advocate that revivals have occurred in the Methodist Church in the frontier towns of Kerrville and Bandera, and counties of Kerr and Bandera, and that churches are to be erected in both towns. Kerrville is on the Guadalupe, and Bandera on the Medina, both in the mountains."

**THE NEW YORK CENTRAL DEMOCRATIC CLUB.**

A new democratic club has just been organized in New York under the above name, and at its head stands the talented William J. Rose. It was organized with a view to close up the breach that divided the gallant democracy of New York city, and is now in full swing, doing faithful work in behalf of the State democratic ticket of New York. Prominent among its members are leading democrats, who for spirit and good working qualities stand second to none in their State. Each man throws off the idea of leadership, and shoulder to shoulder all are preparing for the downfall of "black-republicanism" and "Americanism" in New York and the restoration of democratic rule.

On the 29th instant the club held a grand mass-meeting in the Park, at which ex-Senator Dickinson, ex-Governor Horatio Seymour, ex-Senator Dickinson M. Price, of N. J., Hon. John Kelly, Hon. Daniel E. Sickles, Hon. George Taylor, Hon. Erastus Corning, Hon. David L. Seymour, Mayor Wood, of New York, Hon. William H. Ludlow, and men of such mark, are to speak.

New York, Sept. 27.

Some papers have been giving currency to reports that the Boston Submarine Armor Company had proposed to the undersigned to raise the Central America, and save her treasure. The male given her position when she went down, lat. 31° 45', lon. 78° 15'. From that point to the nearest land (Cape Moreau), is 95 miles, and the soundings show 600 fathoms of water. From these facts the absurdity of attempting to raise the vessel or her treasure must be apparent.

## DEPARTMENT NEWS.

STATE DEPARTMENT.

**Change of Light.**—The following notice to mariners has been received from H. W. Barstow, esq., United States consul at Palermo:

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(From our New Mexico Correspondent.)  
SANTA FE, NEW MEXICO,  
August 30, 1857.

**To the Editor of the Union:**

While in your densely-thronged cities of the States the multitude experience the most intense suffering from heat, often resulting in death, here, in the mountain-bound capital of New Mexico, it is necessary to sleep under a heavy blanket every night to keep comfortable. During the day we have the most refreshing breezes constantly stirring, and carrying on their bosom healing and strength to the invalid and weakly. Not under the sun is there a country more supremely blessed with pure air, and all the auxiliaries of physical health. To ride out upon the surrounding elevations, and drink into the lungs the invigorating atmosphere peculiar to this country, to feel the muscles growing more elastic and vigorous, and the corporal man springing into new life and strength, are luxuries hidden from you of the nation's metropolis, as well as the inhabitants of your sister cities. Indeed, Santa Fe is an elysium of health. There are now some twenty visitors here from the States seeking a cure for diseased lungs, many of whom will doubtless be greatly benefited by their adventure.

An ugly spot upon our city is the unfinished Capitol. For want of an appropriation by the last Congress of a few thousand dollars the work upon that building was suspended last winter. While Minnesota, Oregon, Nebraska, and Kansas received almost everything for which they asked, this Territory could not get an appropriation of \$50,000 to complete her public buildings.

Since I last wrote you there has been no disturbance among the Indians.

Lieutenant Beale, in command of the company organized to construct a road from "Fort Defiance, in the Territory of New Mexico, to the Colorado river, near the mouth of the Mohave river," reached Albuquerque several weeks since, and shortly afterwards set out upon his expedition. He has with him a number of camels, and is darning the experiment of transportation.

We have intelligence from the Indian agencies of Messrs. Carson and Archeola, comprising the different bands of Utahs, some of the Apaches, &c., since the distribution of their annuity goods. They never have been so well pleased. They give expression to the utmost confidence in their new "Tata," the superintendent, and seem more inclined than ever to respect and obey the United States government. The Utahs heretofore have been considered disposed to be hostile. They are brave Indians, and it is a source of congratulation that the policy of the present superintendent has so soon awakened a friendly and amicable spirit among them.

The semi-monthly mail from Independence to Santa Fe is now running, and is quite an addition to our mail facilities. It places us two weeks nearer the States. We live in the hope that the present distinguished Postmaster General will still further signalize his kindly feeling for this Territory by giving us a weekly mail to the States, and establishing weekly mails throughout the Territory. We are sadly deficient in this respect. Such a policy would be a saving to the government, as military expenses could then be dispensed with, which cost as much annually as would a regular weekly mail service.

The crops generally throughout the Territory will be average.

The election comes off on the 7th of September—one week hence. I will be enabled to send you the result by the next mail. The excitement is great. The friends of Otero, the candidate of the national democracy and the present incumbent, are sanguine of his election by a majority ranging from 3,000 to 5,000. Both candidates are stumping the Territory, and you may rest assured that it is no child's play to make a campaign of New Mexico. The national democracy will carry the legislature, it is believed.

**THE BANK SUSPENSIONS.**

The suspension of the banks in Philadelphia, which is equivalent to a general suspension throughout the State of Pennsylvania, should not be a matter of great surprise. It is the natural consequence of causes which before produced similar fruits.

The Ritten paper, which Gov. Seward initiated and attempted to introduce into this State, brought Pennsylvania to repudiation. An immense system of expenditure was undertaken, to be carried on by means of the credit system—that is, the present generation were to spend and a future generation to pay.

So long as there was no check to borrowing, the scheme went on well enough. But when the crowd of rival borrowers exhausted credit, the system collapsed, and the State was compelled to repudiate the payment of interest on its public debt. Heavy taxation has enabled the State to resume payment, but the works have proved a failure, and some have been sold, while others remain, with the debt, a constant oppression upon the people.

But the system of expenditure based upon credit, abandoned by the State, was practically transferred to the corporations; which, in the same attempt to create roads, and to form channels for trade and travel, scattered their bonds broadcast, and left for the future to provide for payment.

The day when credit is at an end and payment commences has come, and the system has broken down the corporations as it did before the State.

The State of Maryland, which also undertook a vast scheme of internal improvement by means of debt, and which turned over the unfinished system to corporations, which renewed in another form the device of an unlimited issue of bonds and scrip, has in the same manner brought its moneyed institutions to the practical repudiation of which it set the example.

In the western States, in the same way, a system of debt, checked in one form by the failure of State credit, or the new constitutional limitations imposed by the people, has broken out in a new shape under the auspices of the corporations.

All the contrivances of debt are means by which men enjoy present expenditure, and